

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
AMENDMENT NO. 1

“Compliance Auditing and Verification Drawing for the Washington’s Lottery”
Request for Proposals OFM No. 10-1600

OFM RFP No. 10-1600 is amended to revise Section 1.3.C, Minimum Qualifications, clarify the hourly rate required in the Cost Proposal, and include bidder questions and answers from the Office of Financial Management.

Section 1.3.C, Minimum Qualifications is revised to read: The individual performing the verification of daily drawing services and the annual reviews/procedural audits on behalf of the Consultant is required to be a current Certified Public Accountant (CPA).

Exhibit D, Cost Proposal is clarified as follows: Hourly rates for Items 1, 2, 3, and 4 must include all administrative and travel costs. Hourly rate for Item 5 (Extra Services) should include all administrative costs, but exclude travel costs.

Question 1. Are Powerball procedures available?

Answer 1. Powerball procedures are included in Procedure 110.554, last paragraph of page 8: *On Wednesday and Saturday, receive Powerball fax from PDO, record winning numbers on Drawing Control Sheet, and repeat the “Enter” and “Verify Winning Numbers” steps.* In addition, Procedure 110.550 Mega Millions Activities are very similar to Powerball procedures.

Question 2. Will OFM review proposed bidder exceptions to the General Terms and Conditions (Exhibit B) in advance of a bidder submitting a proposal?

Answer 2. No. All bidder exceptions to the General Terms and Conditions must be attached to a signed Certifications and Assurances form (Exhibit A), which will be submitted with a bidder’s proposal. See RFP Section 2.11, Contract General Terms and Conditions, for specific directions.

Question 3. When were the last Policies and Procedures Compliance Agreed Upon Procedures Audit and Mega Millions Agreed Upon Procedures Audit conducted?

Answer 3. The Procedural Evaluation and Compliance Audit of Prize Payments covering the time period of July 1, 2008 through June 30, 2009 was submitted to OFM in late October 2009. The Mega Millions Agreed Upon Procedures Audit covering the time period of April 1, 2008 through March 31, 2009 was submitted to OFM in late October 2009.

Question 4. Is the bidder supposed to include travel costs within the hourly rate(s) proposed for Game Drawings, Procedural Evaluation and Compliance Audits of Prize Payments, Mega Millions Agreed Upon Procedures Audit, and Powerball Agreed Upon Procedures Audit?

Answer 4. Yes. The hourly rates for Game Drawings, Procedural Evaluation and Compliance Audits of Prize Payments, Mega Millions Agreed Upon Procedures Audit, and Powerball Agreed Upon Procedures Audit must include all administrative and travel costs. See Question 5 for reimbursement of travel expenses related to Extra Services.

Question 5. When will travel expenses be allowed for Extra Services?

Answer 5. Reimbursement for travel expenses related to Extra Services in Olympia, Washington or within a 49 mile radius of Olympia, Washington or within a 49 mile radius of the contractor's place of business will not be allowed. Travel expenses related to Extra Services provided 50 miles or more from Olympia, Washington or 50 miles or more from the selected contractor's place of business will be reimbursed at current Washington State travel rates as set forth in the State Administrative and Accounting Manual (SAAM), Chapter 10.

Question 6. The RFP Cost Proposal form requires both a fixed price and an hourly rate for Game Drawings, Procedural Evaluation and Compliance Audits of Prize Payments, Mega Millions Agreed Upon Procedures Audit, and Powerball Agreed Upon Procedures Audit. Please explain why both a fixed price and an hourly rate are required.

Answer 6. The fixed price bid represents a not-to-exceed amount for each of the services over the two year contract period of performance (July 1, 2010 through June 30, 2012). The selected contractor will invoice OFM based upon the actual number of hours utilized to perform a service x (times) the hourly rate. However, the amount paid based upon the number of hours performed x (times) the hourly rate over the two year contract period of performance cannot exceed the not-to-exceed fixed price amount bid. (Note: The RFP requires Bidders to provide only an hourly rate for Extra Services, which will include administrative costs, but exclude travel expenses. The evaluation of the cost proposal will not include any scored points for the Extra Services, because it cannot be known in advance if Extra Services will ever be utilized.)

ALL OTHER TERMS AND CONDITIONS OF OFM RFP NO. 10-1600 REMAIN IN FULL FORCE AND EFFECT.